

Message Text

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ACTION AF-08

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FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 9689

INFO AMEMBASSY BONN

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DEPT PASS COMMERCE, TREASURY, OPIC, EXIM, USDA/ERS

E.O. 11652: N/A

TAGS: ECON, EFIN, EINV, CG

SUBJECT: GOZ RETREATS FURTHER FROM ITS NATIONALIZATION POLICIES

REF: KINSHASA 11113, DEC 31, 1975 (NOTAL)

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1. SUMMARY: GOZ HAS RETREATED FURTHER FROM ITS PREVIOUS NATIONALIZATION POLICY BY ANNOUNCING THAT OWNERS OF COMPANIES PREVIOUSLY "RADICALIZED" OR "ZAIRIANIZED" WILL BE RETURNED 60 PER CENT OWNERSHIP AND HAVE CHOICE OF DISPOSITION OF REMAINING 40 PER CENT. SMALL BUSINESSES, FARMS, STOCK FARMS, AND PLANTATIONS WILL BE RETAINED BY ZAIRIANS EXCEPT IN CASE OF MIS-MANAGEMENT BUT PROVISION IS MADE FOR ZAIRIANS TO ASSOCIATE WITH FOREIGN BUSINESSMEN. STATUS OF PETROLEUM SECTOR IS NOT CLEAR. NEW MEASURE WILL GREATLY REDUCE COMPENSATION CLAIMS AGAINST GOZ AND WILL GIVE MANAGEMENT CONTROL TO FORMER OWNERS OF ZAIRIANIZED OR RADICALIZED BUSINESSES. END SUMMARY.

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2. SEPT 18 ISSUE OF AGENCE ZAIRE PRESS, SEMI-OFFICIAL
GOVT PUBLICATION, QUOTE FOLLOWING REPORT OF GOZ
STABILIZATION COMMITTEE:

BEGIN QUOTE

SOME IMPORTANT DECISIONS MADE BY THE STABILIZATION COMMITTEE
KINSHASA 9/18/76: THE STABILIZATION COMMITTEE, WHICH
MET YESTERDAY UNDER THE CHAIRMANSHIP OF THE GUIDE,
MOBUTU SESE SEKO, ITS CHAIRMAN, TOOK THE FOLLOWING
DECISIONS:

(1) SMALL BUSINESSES, FARMS, STOCK FARMS AND
PLANTATIONS, ACQUIRED BY NATIONALS (OF ZAIRE), REMAIN
WITH THOSE NATIONALS, UNLESS THEY HAVE BEEN MISMANAGED.
NEVERTHELESS, THE ZAIRIANS CAN, IF THEY WISH,
ASSOCIATE WITH FOREIGN BUSINESSMEN OF THEIR OWN CHOICE.

(2) THE ZAIRIAN GOVERNMENT RESERVES TO ITSELF CERTAIN
SECTORS IN THE NATIONAL INTEREST, NOTABLY MINES AND
ENERGY.

(3) THE FORMER OWNERS OF ENTERPRISES WHICH WERE
ZAIRIANIZED OR RADICALIZED ARE AUTHORIZED TO POSSESS
THE AMOUNT OF 60 PER CENT OF THE CAPITAL OF THEIR
COMPANIES, WHICH MEANS THAT THE 40 PER CENT THAT
REMAINS CAN:

- BE OWNED BY ZAIRIAN STOCKHOLDERS FREELY CHOSEN
BY THE FORMER OWNERS,
- BE OFFERED PUBLICLY IN ORDER TO PROMOTE PUBLIC
SHAREHOLDING.

(4) AFTER A COMPLETE STUDY OF THE SOCIAL CONTRIBUTION
OF THE FORMER OWNERS OF THE ZAIRIANIZED COMPANIES,
THE COMPANIES WILL BE RETURNED TO THEM ON CONDITION
THEY CHOOSE ZAIRIANS TO WHOM THEY CAN OFFER 40 PER
CENT OF THE SHARES IN THEIR COMPANIES.

THE STABILIZATION COMMITTEE, CREATED BY THE
PRESIDENT-FOUNDER OF THE POPULAR MOVEMENT OF THE
REVOLUTION IS COMPOSED OF THE MINISTERS OF STATE FOR
FINANCE AND COMMERCE, DIRECTOR OF THE PRESIDENT'S
OFFICE, THE PRESIDENT OF THE REPUBLIC AND THE GOVERNOR OF
THE BANK OF ZAIRE.

ITS PURPOSE IS TO FIND THE WAYS AND MEANS TO
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STABILIZE THE NATIONAL ECONOMY WHICH HAS SUFFERED
SERIOUSLY FROM THE WORLD-WIDE RECESSION.

THE STABILIZATION COMMITTEE HAD PREVIOUSLY
DECIDED TO RETURN 40 PER CENT OF THE ZAIRIANIZED AND
RADICALIZED COMPANIES TO THEIR FORMER OWNERS, THE
REMAINDER REMAINING WITH THE GOVERNMENT OF ZAIRE.
END QUOTE. END UNCLASSIFIED.

3. COMMENT: WITH THE ABOVE DECISION, THE WHEEL APPEARS TO HAVE TURNED FULL CIRCLE AS CONTROL OF THE PRIVATE SECTOR HAS BEEN ESSENTIALLY RETURNED TO THE FORMER PRIVATE OWNERS. HOWEVER, AS IS USUALLY THE CASE IN ZAIRE, QUESTIONS REMAIN TO BE RESOLVED FOLLOWING ANNOUNCEMENT OF NEW MAJOR GOVT DECISION. FOR EXAMPLE, IT IS NOT CLEAR WHETHER OR NOT FOREIGN PETROLEUM COMPANIES ARE INCLUDED IN ABOVE ORDER AS THEY WERE TAKEN OVER BY GOZ NEITHER BY THE RADICALIZATION NOR ZAIRIANIZATION DECREES. LOCAL MOBIL REP IS OUT OF TOWN. LOCAL TEXACO REP STATES THAT HE ASSUMES THAT MEASURES DO APPLY TO TEXACO BUT THIS HAS NOT YET BEEN CONFIRMED. THEY WERE INCLUDED IN THE PREVIOUS RETURN OF 40 PER CENT OWNERSHIP (REFTEL). LIKewise, THERE IS APPARENTLY NO PROVISION FOR COMPENSATION FOR ASSETS OF TAKEN-OVER COMPANIES WHICH HAVE SINCE BEEN CONSUMED. NEVERTHELESS, THE NEW EXECUTIVE ORDER SHOULD GREATLY REDUCE THE AMOUNT OF COMPENSATION CLAIMS BY FOREIGN NATIONALS AGAINST THE GOZ AND, HOPEFULLY, SHOULD SPUR FOREIGN INTERESTS TO RETURN TO ZAIRE AS THEY CAN NOW BE ASSURED OF MANAGEMENT CONTROL. INITIAL REACTION OF FOREIGN BUSINESS SECTOR TO NEW MEASURE HAS BEEN QUITE FAVORABLE. DESPITE WORDING OF FIRST PARAGRAPH OF NEW ORDER WHICH APPARENTLY RETAINS ZAIRIAN NATIONAL CONTROL OF SMALL BUSINESSES, FARMS, STOCK FARMS AND PLANTATIONS, PAKISTANI AMBASSADOR TOLD EMBOFF THAT PAKISTANI COMMUNITY IS HOPEFUL THAT MAJORITY OF SUCH BUSINESSES WILL ALSO BE RETURNED. WE WILL REPORT FURTHER DEVELOPMENTS AND REACTIONS.

4. ACTION REQUESTED: DEPT PLEASE CONVEY GIST OF ABOVE TO ROGER WILLIAMS, MOBIL NEW YORK.
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